GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:301
ANSWERED ON:01.03.2002
PRODUCTION GROWTH OF CORE SECTORS
CHANDRA NATH SINGH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether production of six core sector industries has shown steep decline during the current fiscal year;

(b) if so, the details of targets and actual production of these core sector industries during the above period, month-wise and sector-wise;

(c) the reasons for decline in the growth rate of these sectors along with the extent to which it has declined as compared to corresponding period last year;

(d) whether annual targeted growth rate of the country is likely to be affected as a result of present position of core sector industries; and

(e) if so, the steps being taken/proposed to be taken to boost the growth rate of core sector industries ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (e): A statement is enclosed.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION. NO. 301 FOR 1.03. 2002.

(a) and (b) : As per the latest data available for January 2002, the overall growth rate for six core sectors namely, Electricity, Coal, Finished steel, Crude petroleum, Petroleum refinery products, and Cement has been 5.9% as against 1.6% achieved during January 2001. The overall cumulative growth rate achieved by these six sectors, during April-January 2001-02, has been 2.5% as against 6.3% registered during the corresponding period of last year. The target and actual production for these six sectors are mentioned below:

Core sector	Unit	Target(Jan02)	Actual(Jan`02)	Target(Apr-Jan(01-02)	Actual(Apr-Jan01-02)
Electricity	BU	47.58	44.4	448.64	427.69
Coal	MT	32.17	32.10	260.23	258.5
Finished Steel	MT	2.99	2.73	29.70	25.47
Crude petroleum	MT	2.75	2.78	27.41	26.79
Petroleum refinery	productMT	9.82++	8.73+	95.39++	83.33+
Cement	MT	9.80	9.26	85.40	88.17

++ total production + refinery throughput

(C): The overall economic slowdown, low investment in infrastructure sector, shortage of power due to shortfall in creation of new capacities, and lack of demand especially in the case of steel are some of the main reasons for declining production in these six industries. The growth rates in these sectors in comparison to the corresponding period of last year are given below:

Sector	April-Jan `00-01	April-Jan`01-02
Electricity	4.6	2.9
Crude Petroleum	1.4	-1.8
Petroleum Refinery Products	23.7	4.9
Cement	0.4	7.5
Finished Steel	8.2	1.1
Coal	4.9	3.7

(d): The overall GDP growth rate of the economy is affected by the growth rates of all major sectors , namely, Agriculture, Industry, and Service sectors. Since weight of these six sectorsin the overall Index of Industrial Production is small, the decline in production in these sectors will have a correspondingly small impact on the overall GDP growth rate.

(e): The government has taken the following initiatives to improve performance of these sectors:

+ Launch of PMs mega Road projects, which will boost demand for cement and steel industries.

+ The Government has announced guidelines for allowing 100% FDI in the development of integrated townships and regional urban infrastructure. This is expected to boost housing/real estate sector and also boost production in cement and steel sectors.

+ Rationalisation of Duty Entitlement Pass Book (DEPB) rates for steel exports has been carried out to boost exports.

+ Government is providing infrastructural support to cement industry to maximize cement production. Rail wagons are provided to cement plants on priority basis to supply cement to deficit areas.

+ Tax holiday for infrastructure development and tax incentives for housing sector have been announced.

+ The Government has signed MOU with States to reform SEBs, and initiated steps, which include time bound programme for installation of 100% metering, energy audit at all levels, specific programmes for reduction and eventual elimination of power theft.

+ Government is taking steps to increase the domestic production of crude oil by offering blocks under the new exploration licensing policy.

+ Administered Price Mechanism (APM) for petroleum products is to be phased out by March 2002.